

# **NEW HAMPSHIRE STATE LIQUOR COMMISSION**

## **MINUTES OF MEETING – OCTOBER 13, 2004**

**PRESENT:** Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; Aidan Moore, Chief of Enforcement; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Peter Engel, Director of Store Operations; Howard Roundy, Director of Information Technology; Evie Taft, Human Resources Administrator; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist. Guests: Al Picconi, United Beverages, Inc.; Brian Law and Michael Goclowski, Law Warehouses.

**EXCUSED:** George Tsiopras, Chief Financial Officer.

### **I. FINANCIAL & ADMINISTRATIVE REPORTS**

#### **1. Financial Reports**

##### **A. Weekly, Y-T-D Sales Reports:**

The SA1000 report for the week ending October 10, 2004 shows retail sales were up 3.5%, on-premise sales were up a little over 9%, off-premise sales were down -.9%, and total aggregate sales were up 3.5%. The traffic count increased by 6,318, but the average sales ticket decreased by \$.15.

The W-1 Total Weekly Sales report for the same period confirms retail sales for the week increased by slightly over 3.5% or \$274,394, and were also up for the year by 6.9% or \$7,670,614. Wine sales were up 1.93% or \$68,174 for the week, while they were also up by almost 8.2% or \$3,985,608 for the year. Sales of spirits were up 4.9% or \$206,220 on a weekly basis, and were also up year-to-date by 5.9% or \$3,685,006.

##### **B. Budget/Administrative Reports:**

One broker still owes one-half of their outstanding balance for August 2004, stating that they have been having trouble receiving payment from their vendors.

There was nothing of significance to report regarding gift cards for this week.

Craig received notice that all state agencies printing anything for public consumption must submit 25 copies to the State Library, either in hard copy form or on c.d.

Craig informed the Commission that the Department of Safety was increasing the costs of a criminal records check from \$10.00 to \$15.00, and have

provided a reduced fee request form. The form will be completed and submitted to determine if the Commission qualifies for this reduction.

The Governor and Council approved the Commission's request for an Attorney II position at their meeting last Wednesday.

2. IT Report

Several weeks ago there was discussion concerning files coming in from Law Warehouse incomplete. Since then, protective measures have been initiated to validate file contents, and future errors should be eliminated.

This Friday at 10:00 a.m. Howard will present a gift card demonstration in the first floor conference room. A second one will be held after comments have been incorporated from the first demo.

Howard distributed a list of projects IT is currently working on. He noted that several of them should be completed within a few days, and quite a few items will be finished and removed from the list shortly. There are still some issues to resolve regarding the Licenses 2000 project. IT will now have the opportunity to work on some smaller projects which have been sitting on the back burner for a while.

Commissioner Byrne felt it was a top priority to come up with a system which can process multiple sales beyond twenty-five units. He asked Howard to confer with ACR to move on this as soon as possible.

3. Human Resources Report

Employee Assistance Program training will be held this afternoon at 1:30 p.m. and tomorrow morning at 9:30 a.m. in the downstairs conference room. Several employees have already called Personnel to ask what services this program provides. All are encouraged to attend. Posters concerning the program will be provided to every store. In addition, information is already available on Sunspot and will be placed on the intranet.

**II. MARKETING & SALES REPORTS**

1. Store Operations

Total store sales for the week ending 10/10/04 increased by 3.65% or \$223,906.33, the majority of which occurred in the North Country stores. Store #48 Hinsdale has had a lot of business on Sundays and weekends, which could be due to its proximity to other state boundaries.

Peter met yesterday with the landlord of the Glen store, who is considering making some renovations. He foresees no problems with renewing the present lease at that location.

A design meeting for the new Keene store will take place today at 1:00 p.m. at Commission headquarters.

Training for use of the hand held Dolphins has taken place at a couple of stores, and will continue at two more this week.

The holiday managers' meeting is scheduled for next Thursday, October 21<sup>st</sup> from 10:00 a.m. to 1:00 p.m. at the Puritan Back Room in Manchester.

There have been 105 applicants, which have been narrowed down to about a dozen, for the manager's position at Store #3 Manchester. Many of the outside responses have been from the banking, information technology and service management fields.

John Bunnell commented that customers seem to have accepted the new Swanzey store location, as sales have increased by 50%. He said those involved in the store move did a very good job.

A financial analysis for the Groveton store was provided for review by the Commission. Other businesses in the strip mall have left, and a discount store has moved in. The Groveton store is in a desolate spot, with the Lancaster store nearby. Chairman Maiola said he is in favor of closing this store, while Commission Byrne favors obtaining a lease there. For now the Commission will remain as tenant-at-will at this location.

2. Purchasing Report

There was nothing of significance to report regarding out-of-stocks for the past week.

3. Merchandising Report

A. SPIRITS:

1) Scotsfest Sale (Sept. 16-26, 2004):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission acknowledge the results of the Scotsfest Sale, which was held from Thursday, September 16 through Sunday, September 26, 2004. The motion was unanimously adopted.

2) Test Market Results (5 codes):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission delist Code #5371, Tequipal Coconut Cream, Code #5374, Tequipal Mango Cream and Code #5366, Arrow Sour Apple Schnapps, 750ML sizes, as each item failed to achieve their respective gross profit requirements for both full distribution and specialty listing at the conclusion of a six-month test market period, and grant specialty listings for Code #3438, Van Gogh Melon Vodka and Code #4250, Zaya Rum, 750ML sizes, each of which achieved their respective gross profit required for specialty item status at the conclusion of a six-month test market period, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Line Extension Request (Godiva White & Godiva Chocolate):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Diageo North America for line extensions on Godiva White Chocolate Liqueur, 375ML size (assigned new Code #5881) and Godiva Chocolate Liqueur, 375ML size (assigned new Code #5880) as each item in the 750ML size has achieved the yearly gross profit required for an added size listing, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Product Demo Request:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc. to conduct product information demonstrations in conjunction with Shakers Wheat, Rye and Rose Vodkas in seven (7) stores during November and December 2004, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Black Velvet “Hot Brand” Request:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny a request from United Beverages, Inc./Barton Brands, Ltd. to reinstate Code #2114, Black Velvet, 1.75L size back into the Hot Brands Program, but allow them to conduct a consumer sweepstakes featuring this product during November and December 2004, as recommended

by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**6) One Time Buy Request (Casa Real Reposado Tequila):**

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny an offer from United Beverages, Inc./Laird & Company to conduct a one-time buy of Casa Real Reposado Tequila, 750ML size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**7) December Special Offers:**

**a. 1 item – Libiamo SRL:**

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a special offer from Libiamo SRL, based upon a special purchase allowance for one (1) spirit item, to be featured on sale during December 2004, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**b. 7 items – Perfecta Wine Company:**

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Perfecta Wine Company, based upon special purchase allowances for seven (7) spirit items, to be featured on sale during December 2004, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**c. 8 items – Pine State Trading Company:**

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading Company, based upon special purchase allowances for eight (8) spirit items, to be featured on sale during December 2004, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- d. 13 items – M.S. Walker, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from M.S. Walker, Inc., based upon special purchase allowances for thirteen (13) spirit items, to be featured on sale during December 2004, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- e. 76 items – Executive Wines/Martignetti Companies of N.H.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Executive Wine & Spirits/Martignetti Companies of N.H, based upon special purchase allowances for seventy-six (76) spirit items, to be featured on sale during December 2004, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- f. 159 items – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverage Company, based upon special purchase allowances for one hundred fifty-nine (159) spirit items, to be featured on sale during December 2004, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- g. 86 items (unmatched) – United Beverages, Inc.

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions, without matching state funds, for eighty-six (86) spirit items, to be featured on sale during December 2004, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**B. WINES:**

- 1) N.H. State Liquor Commission Wine Tasting (Easter Seals):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a wine tasting, Winter Wine Spectacular for Easter Seals NH, to be held at Wentworth by the Sea on January 26, 2005 from 7:00 p.m. to 10:00 p.m., as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) New Wine Product Listings:

a. Full Distribution (Code #27503):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve full distribution of Code #27503, Sauvignon Blanc Chateau Ste. Michelle Hrse., 750ML size, which has earned at least \$6,500.00 during a twelve-month period, to be available for all stores to order as needed, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Full Distribution (Code #36352):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve full distribution of Code #36352, Alice White Merlot, 1.5L size, which has earned at least \$6,500.00 during a twelve-month period, to be available for all stores to order as needed, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Full Distribution (Code #37601):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve full distribution of Code #37601, Cabernet Sauvignon Hardy's Australia, 3L size, which has earned at least \$6,500.00 during a twelve-month period, to be available for all stores to order as needed, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. Full Distribution (Codes #33476 & 38823):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve full distribution of Code

#33476, Pinot Grigio Talus Clctn. and Code #38823, Pinot Grigio Vendange California, 750ML sizes, each of which has earned at least \$6,500.00 during a twelve-month period, to be available for all stores to order as needed, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

e. Full Distribution (Codes #40096, #40097 & #40098):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve full distribution of Code #40096, Cabernet Sauvignon Black Box Paso Robles, Code #40097, Chardonnay Black Box Monterey and Code #40098, Merlot Black Box Sonoma, 3L size, each of which has earned at least \$6,500.00 during a twelve-month period, to be available for all stores to order as needed, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Special Offers for December 2004 (4 items – United Beverages):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions of four (4) wine items, to be featured on sale during December 2004, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Test Top 25 Wines:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a three-month test of the Top 25 Wines in Stores #76 Hampton, #23 Conway, #7 Littleton, #53 Hudson, #52 Gorham and #16 Woodsville, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Sterling Sweepstakes:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Diageo Chateau & Estate Wines to conduct a sweepstakes featuring four (4) Sterling wines during November and December 2004, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.



6) Century Cellars Two Week Sale:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Diageo Chateau Estate Wines to conduct a two-week sale in conjunction with the Thanksgiving Sale (November 18 through November 28, 2004), featuring four (4) BV Century Cellars wines, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

7) Request for Canaletto Store Tasting Events:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Perfecta Wine Company to conduct wine tastings featuring Canaletto wines in Store #69 Nashua on October 15, 2004 and in Store #55 Bedford on October 29, 2004, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

8) Recommended Wine Specialty Products – 6 items:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve six (6) wine codes to be designated as wine specialty products, to be carried in wine specialty stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

9) Not Recommended – Wine Specialty (1 item):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny the designation of one (1) wine code as a wine specialty product, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

10) Recommended Allocated Wines for Distribution to Selected Stores (21 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve twenty-one (21) allocated wines codes for distribution to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 11) “R” Wines for Allocation to Licensees Selected by the Broker (1 item):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve one (1) restricted wine for allocation to licensees selected by the broker, and retail distribution, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 12) Primary Source Submissions (2 items – primary source; 10 items – exclusive agent; 39 items – imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of two (2) wine codes which are from primary source, ten (10) wine codes which are not from primary source, but are offered by the exclusive marketing agent, and thirty-nine (39) wine codes which are not from primary source, but are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

### **III. ENFORCEMENT & LICENSING REPORT**

The Enforcement Bureau received a grant of \$50,000 from the Attorney General’s Office for a public information campaign which focuses on third party providers of alcoholic beverages to minors. As part of this program, some campaign materials have been produced. Posters will target colleges, the general public and parents. Representatives from Health & Human Services, the Department of Transportation, N.H. Grocers Association, the Governors Highway Way Safety Committee and others were invited to a meeting last week to discuss the project. Enforcement would like to place posters in each liquor store focused at point of sale. There was also some discussion regarding the possibility of displaying some at the highway toll booths. Aidan will discuss this topic further with Peter Engel. It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve Chief Moore’s request to dispense messages targeted at the general public.

### **IV. CHAIRMAN’S REPORT & LATE ITEMS**

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated October 7 through October 13, 2004. The motion was unanimously adopted.

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2. Coupon Approvals: None.
3. Late Items/Other:
  - a. Veteran's Day, November 11, 2004 – Store Openings and Staffing Recommendations:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve store openings, hours of operation and staffing patterns for Veteran's Day, Thursday, November 11, 2004, as recommended by Peter Engel, Director of Store Operations and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

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Anthony C. Maiola, Chairman

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John W. Byrne, Commissioner

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Patricia T. Russell, Commissioner

/D. Hartford